

\$495

EVENT | MARKETING
I N S T I T U T E

WWW.EVENTMARKETING.COM

EMI STRATEGIC INSIGHTS REPORT: RFP BEST PRACTICES

PART ONE: RFP PROCESS PRIMER

A Multi-Part Research Study on the agency review and selection process

This study
is available
as a complete
EMI Tool Kit

This report analyzes common RFP practices identifying best practices to streamline the process and increase effectiveness.

Global Underwriter





EMI STRATEGIC INSIGHTS REPORT

RFP Best Practices

PART ONE: RFP PROCESS PRIMER

A Multi-Part Research Study on the agency review and selection process

Don't be stymied by the RFP process. We've broken it down to help make your next proposal a successful one.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
DEFINITIONS	3
INITIATING THE RFP PROCESS	4
SELECTING THE RIGHT NUMBER	5
WRITING YOUR RFP	6
EVALUATING AND MORE	7
THE PROCUREMENT ROLE	9
THE SUPPLIER'S PERSPECTIVE	10
RFP CASE STUDIES	11

Executive Summary

The increase in the number and type of events being utilized by corporate marketers—as well as the demand to create measurable ROI—has multiplied the importance of identifying the right supplier partners, as this decision directly impacts the success of the marketing program, the brand and the company.

As companies embark on hiring event agencies (consumer and b-to-b) they may be using RFP processes originally designed for ad agencies or promotion agencies; or they may be adapting RFPs developed by procurement for bulk-buying of materials or supplies. Some implement a methodology geared toward leveling the playing field among competitors—and in the process handicap the various suppliers' ability to distinguish themselves. The result is often a cumbersome methodology that may make the process more—not less—confusing to all involved.

This report reviews common RFP practices identifying key best practices which streamline the process and increase the RFP's effectiveness in identifying the correct supplier partner in the most time- and cost-effective manner possible. It is our objective to establish methodology that is in the best interest of the marketer—but treats the participating agencies fairly in the process.

Definitions

For the purpose of this report, we will use the following definitions:

RFI-Request for Information: Usually the first step in the proposal process, the RFI consists of boilerplate company information such as: size, locations, capabilities, team members, structure, internal processes, past successes, client base, financial stability, management, and any other differentiating factor. The RFI is used to determine the company's ability to perform the services required.

RFP-Request for Proposal: This step asks for a proposal of how a particular project, program and/or account relationship would be addressed. RFPs usually include some sort of creative, an execution plan and a quotation for performing the stated scope of work. Responses are usually written, but may include a presentation component.

RFQ-Request for Quotation: A stand-alone request for quotation is issued to solicit bids on an execution-only contract. For the purposes of this report, we will not address stand-alone RFQs and assume that the RFQ is part of the RFP.

Initiating the RFP process

Before you start to write an RFP, it is important to take a good look at what you are hoping to achieve through the process. This includes both an outline of what the project you are sending out to bid is, and a realistic understanding of all of the components required to fulfill it.

Define the scope of the project: What is the intended project? Who will it touch? What is the budget? How will the program's success be measured?

Know what you are really buying: For most event marketing initiatives the outcome of the RFP process is the selection, not just of a design or a price, but of a relationship. The ideal resolution is a combination of fair pricing and best ideas, with people and culture capable of achieving stated goals and objectives within the parameters given. Procurement should be involved, but not solely involved. As such, it is imperative to set up the process to examine the bidder's ability to perform on all of these levels.

What exactly do you need? What talents and capabilities do you anticipate needing: i.e. design, fabrication, labor, staffing, Web design, project management, lead capture or AV production? It is imperative to list out all of these capabilities so the suppliers can answer to how they would provide them—either internally or through partner relationships.

It is important to consider if you need execution only, or if strategy is a key component of your purchase. If it is, you will need to challenge bidders to demonstrate their expertise in relevant specialties such as selecting shows or venues, creating new types of event approaches or in the biggest sense—assessing your overall plan and budget allocation.

How does your company work? The supplier best suited to a particular brand will have a culture and communication methodology that facilitate a seamless partnership. Assessing the likelihood of potential suppliers to be a good fit requires that you define the process by which your internal team prefers to work and communicate. This key consideration is often neglected, but it can provide key insights into the ultimate capability between your company and the competing suppliers because it prompts agencies to address how they would work with your brand in particular—rather than how they work in general.

Define the qualities that exemplify a good event marketing partner agency: Use this information to outline the attributes/qualifications that define the successful. Based on the scope of the project, this may include:

- Financial stability.
- Creative muscle to create the solutions and/or environment.
- Capabilities necessary to execute the project.
- Management, operational and communications processes that mesh well with those of your company.
- Strategic capability.
- Technical expertise.
- Value-added capabilities and resources to enhance the project or provide additional support as required.

Internal Education

Among the biggest challenges to the RFP process are the various internal motives, agendas and preferences that drive the actions of internal participants including upper management, event managers, product managers, procurement—and anyone else who will be participating. These include a wish to control the ultimate solution, personal ambition and prior relationships with one or more competitors. To overcome these challenges, the marketer must:

- Make sure that all stakeholders within the organization understand the exact nature of what is being purchased—and the special considerations this entails.
- Establish a clear decision-making process that makes it difficult for any constituent to direct the process based on their own interests.

Selecting the right number of participants

Responding to an RFP costs suppliers a great deal of time and money. What's ironic is that all companies want to reduce costs, yet they think nothing of introducing a large number of bidders into their RFP processes—thus elevating the overhead costs—and consequently the cost of doing business with these suppliers.

Another factor is the amount of time it takes to review the typical RFP. Marketers should request no more proposals than they can commit to thoroughly reviewing.

EMI's best practice recommendations are:

1. Limit the RFI phase of your process to five to seven bidders. By researching suppliers ahead of time, you can probably learn enough to narrow the field to those best suited to your brand. Claiming you don't know anything about the participating agencies reveals that you haven't done your homework and reflects badly on your brand. Remember that some agencies will put less effort into their response if they feel the brand is using a "shotgun" approach.
2. Limit your RFP to three to five bidders based on scope. For a single project or small program, three suppliers should be adequate. For a program or large project five is acceptable. Large numbers of participants insinuate that you may be fishing for ideas.
3. If you do invite five companies to submit creative, eliminate two as early as possible to reduce the final field to three.
4. Make investing time in the process worth your time by awarding preferred vendor status or agency of record status for a term of two to three years. This eliminates having to repeat the process too often.

Writing your RFP

RFP copy should be clear and concise so suppliers understand exactly what you are asking for—and can provide it. Take your time in writing it. A badly written RFP is likely to solicit bad responses.

Also be sure the RFP is all-inclusive. If you don't ask the question, you won't get a response to it.

If the RFI and RFP cannot be written internally, approach a third party or consultant—not someone involved in the RFP process. If you ask a supplier to write the RFP, they will write it in their own best interest.

Scale to the RFP to fit the scope

No two brands or projects are alike, therefore, there is no such thing as a standard, one-size-fits-all RFP. Although EMI has created a list of sample RFI and RFP questions, we urge marketers to select only the questions that are pertinent to their project and brand for inclusion on their own RFPs.

In selecting what questions to ask, it is important to define whether you are looking for a supplier to execute a single campaign, or establishing a long-term partnership with an agency of record. Your RFP process—and the amount of effort it will take to complete it—should fit the scope of the project or program. In other words, the process to select an agency of record for the next three years should rightfully be more rigorous than the process of bidding on a single initiative. Likewise an execution-only bid should entail far less than a bid that includes a design or creative element.

Another consideration: Marketers tend to ask for a multitude of information on their RFPs, thus, the size of the typical RFP is approaching biblical length. However, most of the marketers we interviewed admitted that they asked for more information than was really necessary on their RFPs, making their own review process overly lengthy. Thus, the best practice is to ask only those questions which are important to your decision and to never ask for more than you are willing to read.

Comparing fee structures

Comparing fee structures from agency to agency can be an apples-to-oranges experience. The best way to avoid this is to designate your preferred fee structure on the RFP. Whether it be hourly fees, mark-ups on materials, or costs plus a management fee—you will be able to understand how one works relative to the other.

For quotes on specific projects, it is important to line-item what you want included and ask the agencies to line item anything you've forgotten. In this way, you can make a direct comparison between bids.

Evaluating financial stability

EMI recommends that marketers review the D&B listings of all bidders and interview vendors to determine if the potential partner is paying its bills on time. It is also important to assess overall financial stability to ensure that the company has the financial strength to complete the project.

Create an evaluation process

It helps streamline the process if the final selection process is determined up front and communicated to all internal stakeholders and bidders. Establish what the ultimate buying criteria it will be based on: price, creativity, compatibility with the account team, or a combination of those factors.

EMI's recommendation is that the brand select one facilitator (internal or consultant) to manage the process and assign how much weight each individual stakeholder's vote will carry prior to beginning the process.

It is important to decide how the vote will be conducted. An alternative to having each stakeholder vote for the supplier of their choice is to rate each on a scale of one to seven in regards to whatever attributes are being assessed, i.e. capabilities, financial, team compatibility, and design. The tallied votes can then be weighted to give preference to the qualities deemed most important in driving the final decision. (include sample score sheet.)

Proposal delivery

For an RFI, e-mail delivery is adequate. However, for an RFP, EMI advises meeting face-to-face with the three finalists. After all, you are hiring people, their ideas and ability to collaborate with you to create. Meeting with them helps ensure that these are really smart people who get your brand and are going to be wonderful to work with.

For ongoing relationships, EMI recommends a site visit where the internal stakeholders get to tour the suppliers' facilities, meet key team members and ask questions—also invaluable in making the right decision.

If you decide to hold the presentation in your facility, we suggest you not run all of the presentations back-to-back in a single day as it will make it harder to remember which supplier was which.

Reverse auctions

Online reverse auctions—or any process that focuses primarily on price—are not an effective way to conduct an event marketing RFP as they negate creative thinking and do not take into consideration quality or how the proposed supplier will work with your company.

Ethics

The way a company conducts its RFP process speaks to its ethics. The following are imperative.

- Give the participating agencies factual information.
- Don't say you have an approved budget unless it's true.
- Be honest about the number and names of participating agencies.
- Don't say you are considering switching agencies when the RFP is mandated by purchasing and you have no intention of switching.
- Design to real scenarios. Don't ask agencies to create hypothetical solutions for imaginary or past projects.
- Don't issue an RFP if you want to idea-shop. An alternative is to let the agencies know you are looking for ideas and pay them a fee up front for their participation. Then you will own the ideas and can do whatever you want with them.
- Show respect toward all of your participants by allowing them to engage in a post-RFP follow-up call with you. Give them your honest feedback—they've earned it.

Sharing information with potential participants

Often companies provide RFP competitors with a minimum of information, yet expect the agencies to make a major investment of time and money into creating a solution on their behalf. Steve Woods, president of emg3, likens creating an event marketing program to building a custom home. "Would you give ten architects no budget, input, or opportunity to ask questions? It's like saying 'We need the perfect home but you can't meet my family,'" he says.

If your project requires a creative solution, design or concept, the level of input you provide has a direct correlation to the quality of output you receive. Holding back information doesn't level the playing field as much as it forces the competitors to participate with a lesser understanding of your brand. Key items that should be contained in your RFP bid package that affect the bidders' ability to respond are:

- Total brand immersion-positioning documents and background, product samples/trial, ads (current and past), market research, competitive analysis and access to key influencers.
- Specific budget parameters. Without them, the suppliers may spend way too much—or way too little money, thus creating an unrealistic solution.
- A complete description of the project. "You can't do justice to a million-dollar proposal with a two-line description of what you're looking for," says Rich Giuliani, formerly head of the IBM procurement team and currently v.p. of business development, Meeting Consultants.
- Clear objectives.
- The success metrics by which they will determine whether the objectives are met.
- A means to receive feedback or ask questions—including access to the decision maker.

Companies that do not offer full disclosure to RFP participants should be aware of one other factor. You may be sending the participating agencies the message that your company will be difficult to work with on an ongoing basis.

Use the RFP process as a test drive.

Many companies try to “level the playing field” by only allowing RFP participants to ask questions in the presence of their competitors or by sharing the answers to any questions asked with all participants. This is not in the best interest of the brand because these practices handicap the agencies’ ability to differentiate themselves. Agencies will actually not ask an important question so as not to tip the competition off to their direction of thinking.

The best practice is to look at the RFP process as a trial relationship where you get to experience what working with each supplier is like—firsthand. You are not buying a campaign but a partner, so understanding what the personalities of the actual team are and what it is like to work with them are essential to making the most appropriate selection. It is in the brand’s interest to get a taste of what collaboration will be like—prior to signing on the dotted line.

For instance, you could allow the suppliers to present preliminary concepts. In the process you will witness how well they listen and respond—insights you could not gather without contact.

The procurement role

Involving procurement in the RFP process can be an asset, provided procurement looks at both cost and outcome.

For an event RFP, as with any RFP that includes a creative element and ongoing collaboration, the items under consideration cannot be evaluated strictly on the basis of price. Not only does the outcome have to work with the allocated budget, the creative solution has to drive the desired result and the agency and the company have to work well together for the duration of the contract.

When procurement makes decisions strictly on the basis of cost, the quality of the program—and consequently ROO and ROI—can suffer. Therefore it is imperative that procurement understand the nature of what it is purchasing and collaborate with the event marketing team to select a firm which is capable of doing the prescribed job. The ultimate choice must be based on the agency’s ability to do the job for the client.

Best practice:

Through our research, EMI finds that the best-case scenario is when procurement’s job is to get what the stakeholder wants—at a cost savings—even if ultimately, procurement will own the relationship. For this to happen, procurement must be a fully participating member of the RFP team—and must have a complete understanding of what it is purchasing—something that can only be obtained by going to trade shows and events and asking questions about the process by which these programs come about.

During the RFI and RFP processes, procurement should be a full participant—adding its insights into the various competitors’ cost structures. If any competitors are definitely outside the required cost structure, this can be identified early and those bidders dropped from the process.

Once the team as a whole has selected its first choice, procurement can approach the top-rated competitor, saying “we’d like to work with you, but you have to meet the following criteria.” This is a benefit to the event team, as it is hard to work day-to-day with someone you have beaten up over price.

If for some reason the criteria cannot be met, the group can opt to either commence negotiation with the next highest-rated competitor or can select some other course of action.

When you prefer not to go out to bid:

Sending out an RFP to validate pricing is a waste of time and money—both your company's and the agency's. And it hurts the overall cause of lessening expenses because it adds to the agencies' overhead.

The alternative is to educate procurement. A compromise may be to have them negotiate better pricing in exchange for not having to go to bid.

The supplier's perspective

Suppliers invest a lot of time and money into responding to RFPs and should be treated with respect. And there is something in it for you: Like any other interaction with your company, the RFP process is a brand encounter and any impressions gathered by the participating suppliers during the process are likely to affect perception of your company.

And don't think they don't notice: Some agencies now have their own score sheets to evaluate whether your RFP is worth their time to respond to.

Earn suppliers' respect and appreciation by:

- Reveal how many agencies will be participating and how decision-making processes will work up front. Then stick to it.
- Avoid imaginary challenges. It is a waste of everyone's time—yours included—to make up an in-depth brief of something imaginary. Instead, use a real program.
- If you realize that a particular supplier just won't work out, eliminate them—even if they beg you otherwise.
- Invite as few participants as possible up to 10 for boilerplate RFI, three for RFP, including creative. Large numbers of participants insinuate that you may be fishing for ideas.
- "The amount of information you provide your RFP dictates the amount of respect [the responding suppliers] will have for you," says one supplier.
- Give the agencies the opportunity to ask questions and receive feedback. It will provide you with valuable insights into how they think and work.
- Have a budget committed and allocated before you start the process.
- Don't go fishing for ideas. "We'll never work for a brand again when we know that has happened," says one agency.

RFP case studies

Xerox Corporation

Process outcome: Preferred vendor status for a contracted period—usually two years.

Relationship owner: Global Purchasing

Stages of process: RFI first, then RFP divided into two phases (possibly including an electronic reverse auction).

Process kickoff: The trade show or event manager and team define what is needed in terms of services and skills to create a statement of work. From there the statement goes to global purchasing.

Creation of the list of potential suppliers: The event managers forward phone calls and information received from potential agencies to Global Purchasing. Global Purchasing adds the contacts to its purchasing database, which also includes suppliers who have contacted Global Purchasing. When an RFP is initiated, Global Marketing forwards its list to the event managers who can add or delete companies based on their knowledge and experience.

Number of companies invited to submit RFIs: Approximately 20.

RFI response requires: Basic company information including business information, capabilities and processes.

RFI response mechanism: Information is filled in through a Web-based tool accessed through a provided URL.

Review of RFI responses: The information is pulled down by purchasing and forwarded to the event team. Each team member fills out a scorecard that rates the various characteristics exhibited on a scale of 1-to-5. The top respondents—possibly as many as twelve—proceed to the RFP stage.

RFP response requirements (phase one): Questions focus on how the agency would handle and deliver on the program. They are asked to respond to a specific scenario which reflects a typical project within the program and demonstrates design, fabrication and management approach and capabilities.

Review of RFP responses (phase one): Each team member fills out a score card that rates the various characteristics exhibited on a scale of 1-to-5. Characteristics evaluated include: demonstration of creativity and creative process, and delivery process, including timelines, how designs are developed and interface with clients.

RFP response requirements (phase two): The final three agencies are given a new scenario to respond to and are invited in to make a live presentation. Global Purchasing participates.

Review of RFP responses (phase three): Each team member fills out a score card that rates the various characteristics exhibited on a scale of one to five. Global Purchasing asks each agency for its rates and finds out what would be negotiable if they were offered the business.

Selection: The top scoring company that meets with the approval of Global Purchasing is awarded the contract.

Shared insights:

- Look at creativity first and price second. When you look at price up front, you're taking the focus off of the creativity and may be sacrificing the quality of the final product. Remember that the goal is to have high quality at a good cost.
- Focus on Quality, Cost and Delivery: will the supplier provide a quality product that meets your needs and requirements; will they deliver what they say they will when they say they will; will the service be provided at a reasonable cost?
- Give the agencies the opportunity to describe any other value-added services they can provide.
- Look outside of the largest and best-known firms—you never know who'll be the right match for your company.
- Evaluate how each agency's processes would work for your company.

GM Service and Parts Organization

Process outcome: Specific project.

Relationship owner: Events

Stages of process: RFI first, then RFQ.

Process kickoff: Creation of a specific brief that outlines what they are looking for and invites the agencies to share how they would solve the problem.

Creation of the list of potential suppliers: Five, including some that currently have a blanket P.O. with GMSPO.

Number of companies invited to submit RFIs: Five.

RFI response requires: Basic company information and design—without a budget attached—challenging the agencies can really show their creative capabilities.

RFI response mechanism: In-person and written presentations.

Review of RFI responses: Purchasing, the director of marketing, the marketing services manager, the brand integration manager and event owner participate. Evaluations are made based on creative, integration with the division's other programs and turnkey integration. Participants score each agency's achievement of each criterion on a scale of one-to-ten. Then each criterion is weighted as to its importance. The individual scores are discussed among the group to create a composite score for each agency.

RFQ request: Agencies which score best are asked to submit an RFQ. The same challenge is levied to the agencies again—this time with a budget.

RFQ response mechanism: In-person and written presentations.

Review of RPQ responses: The team evaluates the presentations, telling purchasing if there are any suppliers they couldn't live with, as well as which one(s) they feel will provide the most value to the company. From there, the process is turned over to purchasing for negotiation. Using the lowest bid as a baseline, purchasing asks the other agencies if they can meet that number with their current proposal—or how they would need to adjust their proposal to meet that number.

Selection: Purchasing makes the final selection based on the marketing team's preference weighted against the results of their negotiations.

Shared insights:

- The lowest bidder is not always selected.
- Internal politics—including the reaction to using or not using certain agencies based on existing relationship—should also be taken into account.
- It's best to be leery concerning an agency's capability with new processes and technology—especially those which they have not yet implemented.

Miller Brewing Company

Process outcome: Awarding of a specific, single project.

Relationship owner: Events

Stages of process: RFP.

Process kickoff: Creation of a brief that outlines what they are looking for and invites the agencies to share how they would solve the problem.

Creation of the list of potential suppliers: Compiled by asking team members—especially new ones, and procurement.

Number of companies invited to submit RFPs: Three to five, depending on the scope of the project.

RFP response requires: A company background and overview of internal structure in 10 or 12 slides; a case study illustrating how the agency has delivered on specific brands in the past, and a presentation of the creative solution. Agencies are also asked to submit pricing information including project costs, margins, hourly rates and salaries of various levels of employees. This information is submitted on a standardized spreadsheet so responses can be compared apples to apples.

RFP distribution: E-mail.

RFP response mechanism: In person and written presentation.

Review of RFP responses: All stakeholders participate in the review. Among the stakeholders, one is designated as the project champion—the person who organizes the RFP and moves the process forward. A second stakeholder is designated as the approval person—who has to approve the final decision. This structure ensures that everyone has a say and that no one can make a decision by themselves.

Participants score each supplier on a worksheet adapted to reflect the scope and requirements of the specific project. The worksheet is laid out in a grid to allow for scoring of specific attributes individually.

Selection: The project champion adds up all of the scores. The group discusses its thoughts and the approval person articulates the consensus.

The events team advocates its choice to procurement, who then evaluates the pricing information. Procurement then negotiates the contract with the selected supplier. If an agreement is not reached, procurement has the option of reaching out to the next highest scoring supplier.

Shared insights:

- The RFP process is adjusted based on the scope and demands of the project. For a larger project or agency relationship, the RFP process is more complex and is handled by the agency affairs department.
- At Miller, it is the quality of the creative and the delivery of the idea that are most important.

GE Healthcare

Process outcome: Ongoing agency relationship.

Relationship owner: Events

Stages of process: RFI first, then RFP.

Process kickoff: Request for information to evaluate which agencies are the best fit for the account.

Creation of the list of potential suppliers: Based on prior relationships and the recommendations of team members.

Number of companies invited to submit RFIs: Twelve.

RFI response requires: Background information on the company, its capabilities, processes and procedures, how the account would be handled and by who, number and sizes of current accounts and financial stability.

RFI response mechanism: In person and written presentations.

Review of RFI responses: Fifteen team members representing the stakeholders and exhibit managers participated in two days of presentations. Each participant is given blank score sheets on which to rate each agency. The scoring mechanism is weighted toward the attributes of financial strength, ability to handle the account, synergy between the agency's processes and GE Healthcare's needs and way of doing business. All score cards are added up with each stakeholder's card weighted equally. Agencies receiving the highest scores are invited to submit an RFP.

RFP request: Five

RFP response mechanism: Site visit, in-person and written presentation.

Review of RFP responses: Thirty team members including representatives from sourcing responded via a scorecard which was heavily weighted toward design and creativity.

Selection: The final outcome is determined through discussion and consensus as determined by the director of events.

Shared insights:

- The incumbent is automatically given a pass to the RFP round.
- At GE Healthcare, the events team manages the events, but the budgets are owned by the specific product groups they support.
- Score sheets should be weighted to give the most value to the attributes your company feels are most important.
- It's important to dive into the financials to determine which companies have the financial strength to handle your account.
- This process generates a large amount of material that must be evaluated so before adding a question or response area to an RFI or RFP, determine if that information is really pertinent to your situation.

With each EMI Insights Report, Member-ONLY benefits include:

- EMI Applied Research Toolkit
- Executive Insight Snapshot Summaries
- Executive Insight Presentation Slides
- EMI Executive Insight Webinars
- Custom EMI Insight Workshops



EMI INSIGHT SNAPSHOTS

provide a quick reference on key issues for senior executives.



EMI INSIGHT WEBINARS, teleconferences, and custom analyst presentations are available.



EMI INSIGHT REPORTS provide proprietary research and ideas on the latest and most pressing issues in event marketing.

EMI APPLIED RESEARCH TOOLKITS

include templates, planning documents, surveys and presentation tools to put the ideas to work fast.

